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# STATISTICAL BULLETIN

**Highlights**

* LABOR MARKET ACTIVITY IS PICKING UP
* CONSUMER DEMAND MAINTAINS MOMENTUM
* EXCEPT FOR CARS AND HOMES
* IMPORTS ARE SLOWING WHILE EXPORTS ARE GROWING
* BUT NEW ORDERS HAVE WEAKENED
* AND INDUSTRIAL CONDITIONS HAVE WEAKENED
* INVENTORY BUILDUP MAY BE UNDER WAY
* OUTLOOK * 3% GROWTH IN THE THIRD QUARTER, AFTER A 2% RISE IN THE SECOND QUARTER

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Acquisitions
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**Volume 20, No. 5, May, 1987**

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**The Conference Board**

## THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Some of the recent economic news has been decidedly downbeat. Indeed, the April consensus of the **Economic Forecasts** for real GNP for the second quarter was revised to a sluggish seasonally-adjusted 2% annual rate—down from a 3.1% estimate only one month earlier. The consensus forecast is that growth will quicken to about a 3% rate in the third quarter.

Certainly high on the list of positive factors is the evidence that imports have levelled off and that export growth, albeit modest, has resumed. Higher prices for imports, due to a lower dollar, may be one reason for the stifled import growth. Export growth, however, is limited by weak economic growth abroad.

Other positive factors include the continued confidence of top business leaders and a rise in labor demand. Those extra jobs translate to added income, which in turn should help maintain expanding consumer demand. Finally, confident business leaders may decide later this year to expand capital investment.

### DOMESTIC MARKET MONITOR

Labor-market conditions appear brighter now than at anytime since early in this long (5-year) expansion period. Still, the drop to a 6.3% unemployment rate in April, from 6.7% only two months ago, overstate the case. Except for adult white women, the labor force contracted over the last 3 months. If labor-force growth had maintained its trend, the improvement in the unemployment rate would have been less dramatic.

While employment has been rising, the average workweek declined. As a result, total hours worked in manufacturing were 0.9% lower in April than 3 months earlier. Employers, it seems, have stopped paying overtime and hired more workers. That's a sign of confidence in continued economic growth.

As indicated by the rise in The Conference Board's **Help-wanted Index**, more new hiring is likely. The index rose to 150 (1967=100) in March, up from 142 in January. Responses to the April survey show that this measure of labor demand continues to run well above last year's level.

INCOME: Hourly wage rates continue to rise modestly. The average hourly rate in private industry was 2 cents higher in April than 2 months earlier. Over the last 12 months, however, it only rose by 16 cents.

Income growth from wages remained vigorous in March. Wages in commodity-producing industry were 0.8% higher in March than 3 months earlier. The rise in other industries was 2.2% higher. The cut in overtime pay in April, however, may result in a little less wage growth.

Nonwage income growth shows no sign of slowing. Interest income and rents are rising a little faster now while shopkeepers' income and dividends continue to rise sharply. Altogether, nonwage income was 1.7% higher in March than 3 months earlier.

Consumer-credit demand was weak even before loan rates starting moving up. The net rise in installment debt was no higher in March than in prior months. And consumers actually paid off more auto debt than they took on in March. Auto Sales in April were equal to those posted in March.

Prompted by concerns about job availability, consumer attitudes fell sharply in April. But subsequent reports on job growth may quiet some of those jitters.

SPENDING: Consumer buying has remained quite strong. Retail sales, except autos, were 3.2% higher in March than 3 months earlier. Over the prior 3 months, nonauto retail sales were only 1.5% higher.

Despite the reintroduction of incentives, new domestic **Automobile Sales** were slower in April than in late Summer, 1986—or before the last big promotion campaigns. Given the slow pace of car sales, and the glut of unsold cars, production is likely to be scaled back.

CONSTRUCTION: The second area of weak consumer demand is housing. The decline in new single-family home sales in March wiped out all the recovery that occurred since November. Given sluggish sales and a high building pace, the inventory of unsold homes has mushroomed. Mortgage rates, which had been falling, are now rising. That suggests that housing demand may continue to be weak.

Homebuilders are cutting back. Single-unit starts were only 1% higher in March than 3 months earlier but building permits were 3.1% lower. Multi-unit starts declined in 1986 and continued to slump in early 1987.

Nonresidential construction remains weak. Private building fell again and only public spending on roads and sewers expanded in March.

Ken Goldstein, Editor

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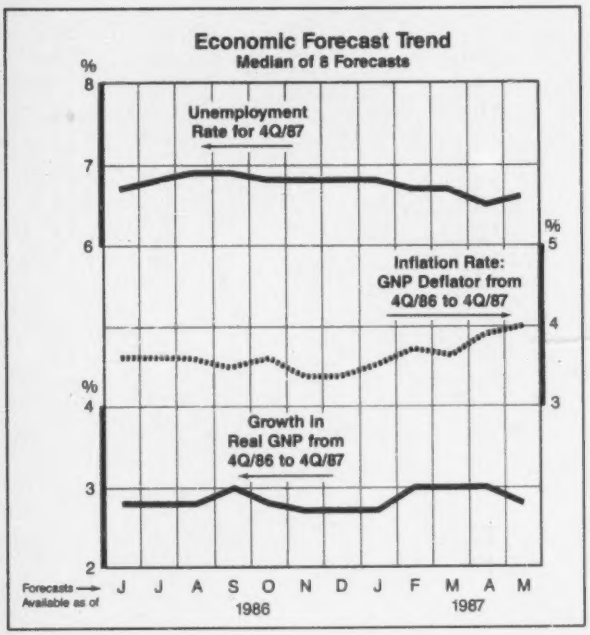



PRODUCTION: Industrial output was no higher in March than 3 months earlier. Raw material output was flat, while semi-finished output was marginally lower. Production of finished goods fell; business equipment and defense- and space-related output expanded. Moreover, data on hours worked in April suggest that overall production probably fell.

With industry producing less and scheduling fewer overtime hours, plant and equipment is once again idle. The overall capacity-utilization rate had moved from 79% in October to 79.7% in February, but then fell to 79.2% in March. And indications are that it probably declined again in April.

Industrial conditions have weakened as new orders decline. Despite 2 months of modest increases, durable-goods orders were still 0.2% lower in March than in January. Moreover, the only modest increases were confined to defense materiel. Nondefense orders were 2.3% lower in March than 3 months earlier.

INVENTORY: With the exception of unsold cars, inventory remains flat. Unsold cars at the retail level rose by 16.7% over the last 2 months.

The downturn in industrial conditions may signal where the economy is rather than where it's going. Increased hiring suggests business leaders remain confident that favorable economic conditions will continue. This attitude is reflected in the latest reading from The Conference Board's **Measure of Business Confidence,** which climbed to 55 (on a scale of 0 to 100) in the first quarter of 1987—from a level of 50 in the second half of 1986.

INFLATION: After remaining flat for 4 months, commodity prices rose 3.1% in April, despite sluggish business demand for more raw material. That could be another signal that weak industrial conditions are viewed as temporary.

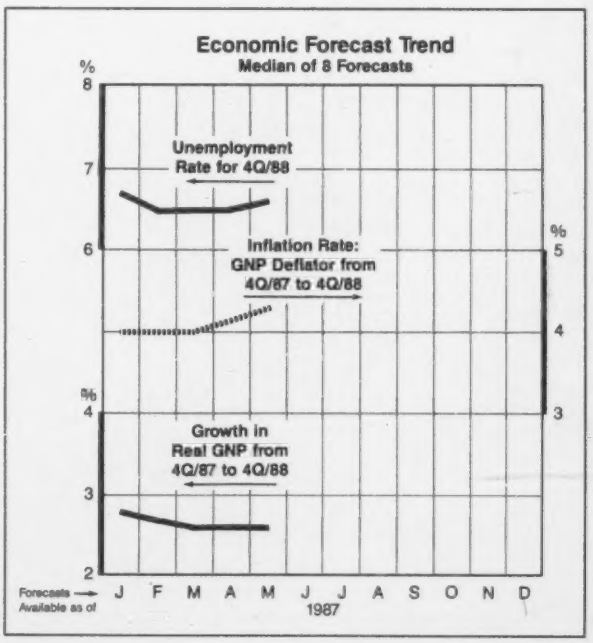
Prices at the wholesale level are rising modestly. Raw food prices were unchanged in March, following a 0.9% rise in February. Energy prices rose by about 1% in each month. Nonfood, nonenergy raw material prices rose 0.2% in March, following somewhat higher increases in the prior 2 months. Faster increases in raw commodity prices should begin to affect the wholesale level as well.

## INTERNATIONAL MONITOR

Imports overall have remained flat over the last 5 months. Manufactured imports, however, were 12.6% lower in February than 3 months earlier. Conversely, total exports were 1.3% higher in February than 3 months earlier. Nevertheless, manufactured exports were just slightly higher in February, 1987 than a year ago.

The dollar decline to date certainly doesn't hurt exporting efforts. However, rising costs have offset some the drop in the dollar. Indeed, the total index for export prices was no lower in the first quarter of 1987 than in the first quarter of 1985.

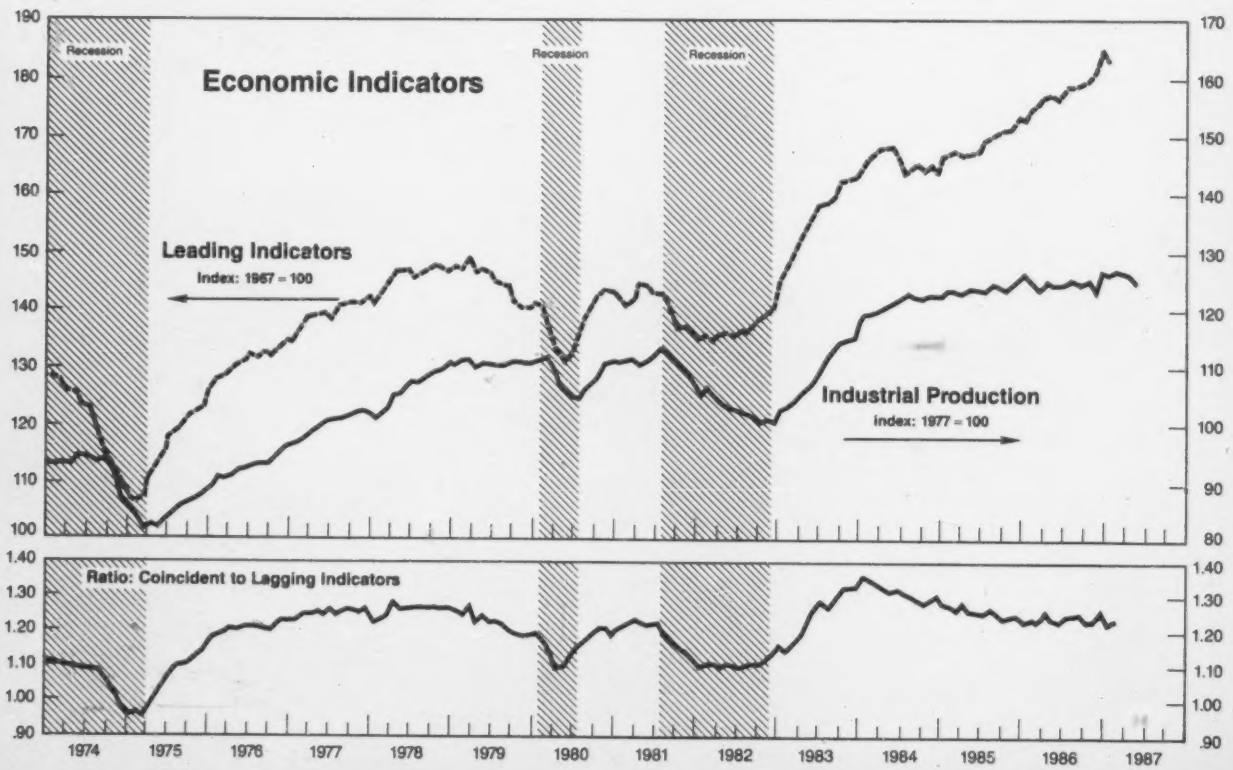
Ken Goldstein



## STATUS OF LEADING ECONOMIC INDICATORS

| | | Rising | Level | Declining | Change over Latest Three Months | Change from Year-Ago |
|---|---|---|---|---|---|---|
| | | (Classification based on movement of series over several months) | | | | |
| **Leading Economic Indicators** | Mar. | X | | | 0.4% | 6.3% |
| **Capital Investment Commitments** | | | | | | |
| *Contracts and orders, plant & equipment (deflated) | Mar. | | X | | – 0.4% | 9.1% |
| New orders, nondefense capital goods (deflated) | Mar. | | X | | – 1.0% | 9.0% |
| *New business formation | Mar. | X | | | 1.1% | 1.3% |
| *Housing permits | Mar. | | | X | – 7.6% | – 3.8% |
| **Inventory Investment and Purchasing** | | | | | | |
| *New orders, consumer goods & materials (deflated) | Mar. | | X | | – 0.5% | 7.2% |
| *Change in inventory, on hand & order (deflated) | Feb. | X | | | 32.3% | 1.7% |
| Purchasing agents' buying policy | Mar. | | X | | 8.0% | 11.0% |
| *Vendor performance, reported slower deliveries | Apr. | X | | | 2.0% | 7.0% |
| Industrial raw materials prices | Apr. | | X | | – 0.2% | 14.7% |
| *Change in sensitive material prices | Mar. | | | X | – 1.9% | 0.2% |
| **Sensitive Financial Flows** | | | | | | |
| *Money balance (M2 deflated) | Mar. | | | X | – 0.6% | 5.5% |
| Change in business loans | Mar. | | | X | –102.9% | 6.6% |
| *Change in credit outstanding | Feb. | | | X | – 4.1% | – 3.4% |
| Change in consumer installment debt | Mar. | | | X | – 2.5% | –29.4% |
| **Profitability** | | | | | | |
| Total corporate profits, after tax (deflated) | Apr. | X | | | 6.0% | 1.3% |
| *Common stock prices | Apr. | X | | | 9.8% | 22.0% |
| **Marginal Employment Adjustments** | | | | | | |
| *Average workweek, mfg. | Apr. | | | X | – 0.5hr | – 0.2hr |
| *Initial unemployment claims (inverted) | Mar. | X | | | 4.2% | 13.2% |

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



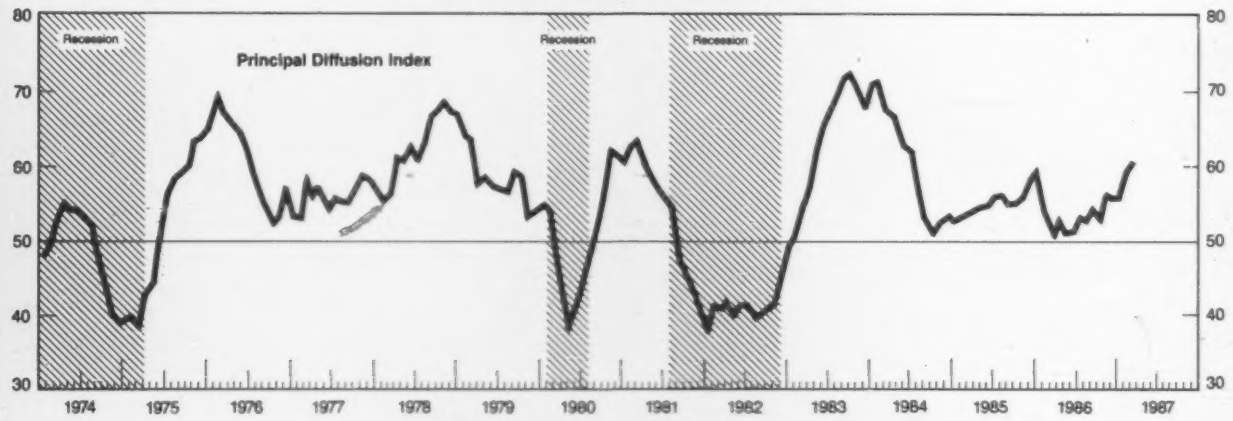
## CONFERENCE BOARD DIFFUSION INDEXES

| DIFFUSION INDEXES | 1986 Mar. | 1986 Dec. | 1987 Jan. | 1987 Feb. | 1987 Mar.(e) |
|---|---|---|---|---|---|
| Principal Diffusion Index | 50.2 | 56.0r | 56.0r | 59.0r | 60.4 |
| Auxillary Diffusion Index | 37.3 | 49.1r | 49.9r | 59.8r | 54.5 |
| Industrial Group | 49.3 | 56.7 | 51.0r | 55.1r | 54.6 |
| Nonindustrial Group | 51.1 | 55.4r | 61.0r | 62.9r | 66.2 |
| Sense of Diffusion | 0 | 1 | 1 | 1 | 1 |
| **SUBGROUP DIFFUSION INDEXES** | | | | | |
| **Industrial Subgroups** | | | | | |
| Production | 59.4 | 67.9 | 57.7r | 59.0r | 49.6 |
| Labor | 45.3 | 55.1 | 52.4r | 56.0r | 57.2 |
| Miscellaneous | 44.2 | 43.6 | 37.2 | 46.8 | 55.8 |
| **Nonindustrial Subgroups** | | | | | |
| Prices | 54.5 | 71.8 | 76.9 | 73.7 | 78.2 |
| Consumer | 59.4 | 62.4r | 63.2r | 68.8r | 73.9 |
| Building | 42.0 | 37.8 | 47.4r | 48.7r | 50.0 |
| Miscellaneous | 46.6 | 49.1 | 57.3 | 59.4r | 61.1 |

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

### The Conference Board Diffusion Index




## BUSINESS EXECUTIVES' EXPECTATIONS

| | 1984 May | 1984 Aug. | 1984 Nov. | 1985 Feb. | 1985 May | 1985 Aug. | 1985 Nov. | 1986 Feb. | 1986 May | 1986 Aug. | 1986 Nov. | 1987 Feb. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Score (scale 0-100) | | | | | | | | | | | |
| Measure of Business Confidence | 65 | 61 | 57 | 61 | 52 | 51 | 55 | 61 | 61 | 50 | 51 | 55 |
| 1. Appraisal of Current Economic Conditions Compared With Six Months Ago | 75 | 70 | 57 | 62 | 48 | 45 | 53 | 63 | 61 | 44 | 50 | 56 |
| 2. Expectations for Economy, Six Months Ahead | 60 | 57 | 57 | 61 | 53 | 53 | 56 | 62 | 62 | 52 | 51 | 54 |
| 3. Expectations for Own Industry, Six Months Ahead | 61 | 57 | 58 | 61 | 55 | 54 | 56 | 59 | 60 | 54 | 53 | 56 |

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

## CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

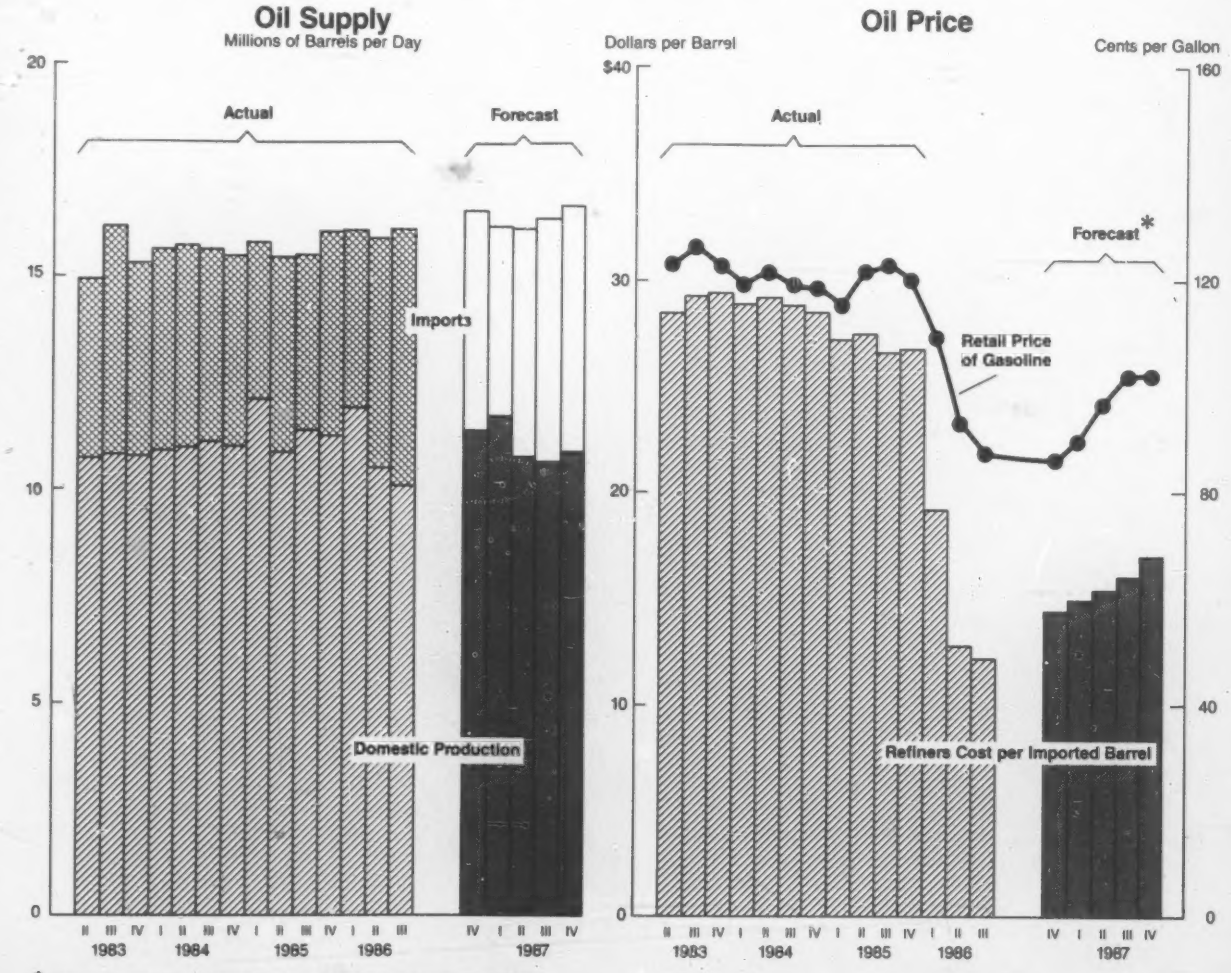
**Billions of Dollars, Seasonally Adjusted**

| | 1985 | | | 1986 | | | | Percent Change From Previous Year | |
|---|---|---|---|---|---|---|---|---|---|
| | II | III | IV | I | IIr | IIIr | IVp | Actual | Estimate |
| **1000 LARGEST MANUFACTURING FIRMS** | | | | | | | | | |
| New appropriations | 27.560 | 24.167 | 27.190 | 23.386 | 19.991 | 20.203 | 22.692 | -18 | 20 |
| Capital expenditures | 24.911 | 24.730 | 26.336 | 23.566 | 24.309 | 22.452 | 23.390 | - 6 | 10 |
| Change in appropriations backlog* | +0.529 | -2.702 | -2.594 | -2.368 | -6.447 | -5.060 | -10.935 | | |
| **Durable Goods** | | | | | | | | | |
| New appropriations | 10.910 | 12.031 | 12.005 | 11.613 | 9.578 | 10.051 | 11.722 | -16 | 15.6 |
| Capital expenditures | 12.814 | 12.299 | 12.676 | 11.479 | 11.880 | 12.186 | 13.107 | - 1 | 7 |
| Change in appropriations backlog* | +2.515 | -1.094 | -3.063 | -1.582 | -3.824 | -3.986 | - 3.580 | | |
| **Nondurable Goods** | | | | | | | | | |
| New appropriations | 16.650 | 12.136 | 15.185 | 11.773 | 10.413 | 10.152 | 10.970 | -20 | 22 |
| Capital expenditures | 12.097 | 12.431 | 13.660 | 12.087 | 12.429 | 10.266 | 10.283 | -11 | 11 |
| Change in appropriations backlog* | +3.044 | -1.608 | +0.469 | -0.786 | -2.623 | -1.074 | - 7.355 | | |
| **ELECTRIC & GAS UTILITIES** | | | | | | | | | |
| New appropriations | 15.139r | 5.093r | 8.692r | 9.084 | 5.094 | 5.044 | + 3 | | |
| Capital expenditures | 9.366r | 9.078r | 8.417r | 7.425 | 8.115 | 7.839 | -2.0 | | |
| Change in appropriations backlog* | +4.662r | -4.984r | -0.261r | +1.773 | -7.325 | -0.028 | | | |

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

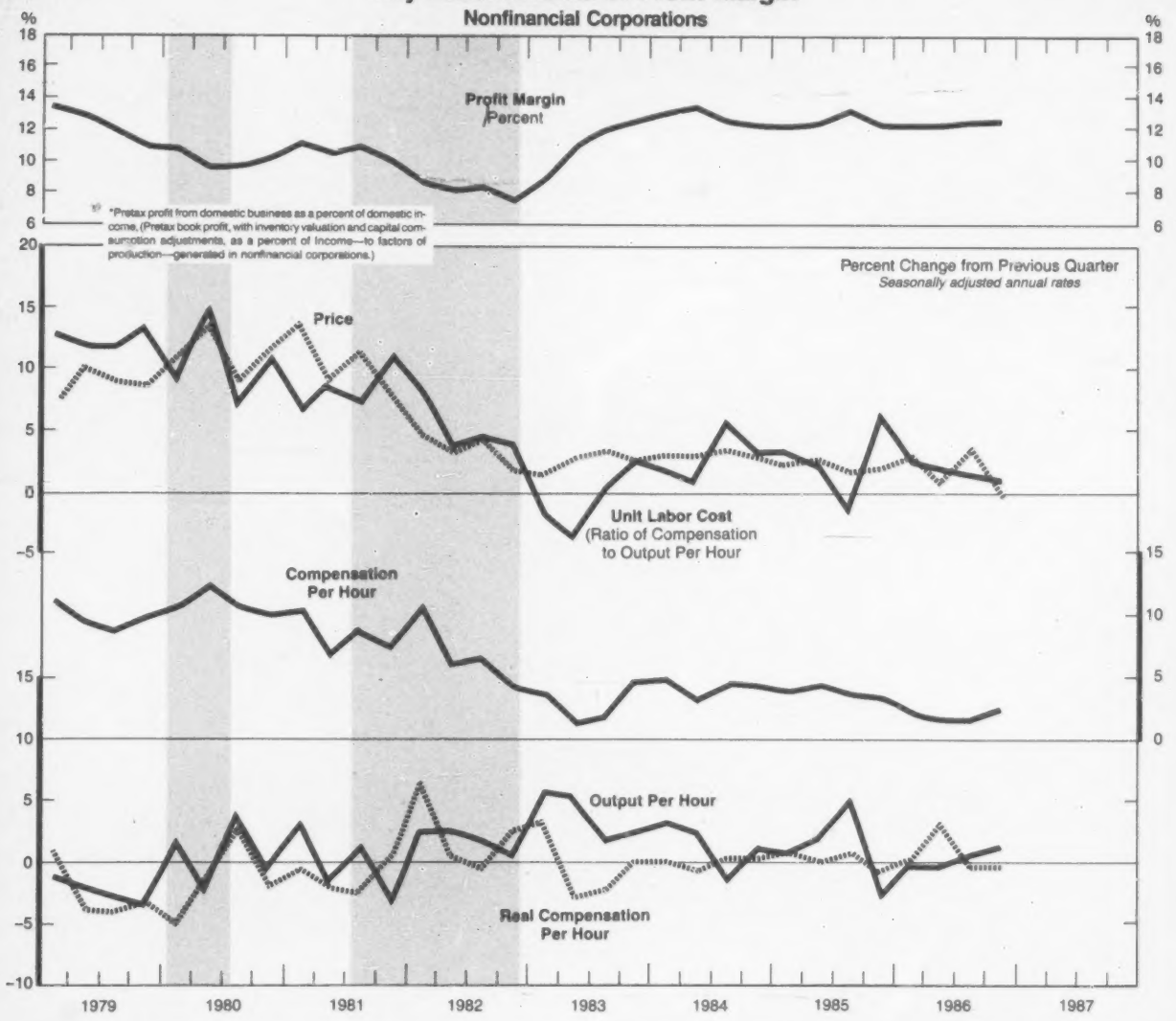
r—revised p—preliminary

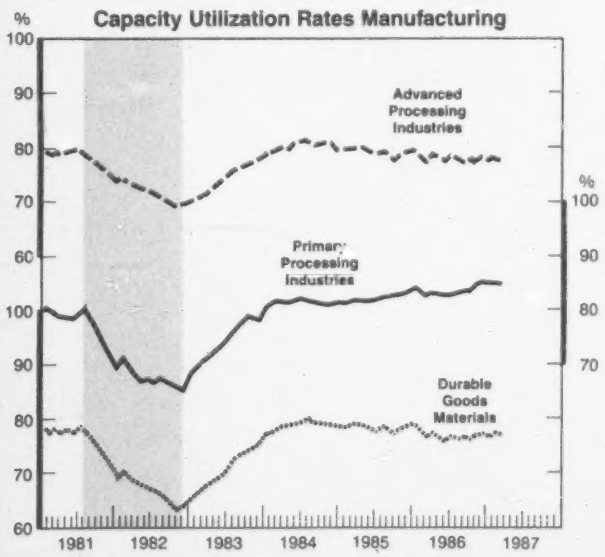
* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).




* Source of Forecast is The Energy Information Administration; Department of Energy.

## Key Determinants of Profit Margin



# ECONOMIC FORECASTS

| | | | U.C.L.A.[1] Business Forecasting Project | | Merrill Lynch[1] Economics Inc. | | E.I. duPont[1] de Nemours & Co. | | Georgia State University[1] | |
|---|---|---|---|---|---|---|---|---|---|---|
| *Date of Forecast* | | | *Apr., 1987* | | *Apr., 1987* | | *Apr., 1987* | | *Apr., 1987* | |
| | | | *Level* | *Percent Change* | *Level* | *Percent Change* | *Level* | *Percent Change* | *Level* | *Percent Change* |
| **Gross National Product Billions of Current Dollars** | | | | | | | | | | |
| **Actual** | **1987** | **I** | **$4339.2** | **7.8%** | **$4339.2** | **7.8%** | **$4339.2** | **7.8%** | **$4339.2** | **7.8%** |
| | | II | 4408.4 | 6.5 | 4392.1 | 5.0 | 4415.7 | 7.2 | 4404.0 | 6.1 |
| | | III | 4499.7 | 8.5 | 4463.0 | 6.6 | 4499.7 | 7.8 | 4481.5 | 7.2 |
| | | IV | 4577.2 | 7.1 | 4532.7 | 6.4 | 4582.4 | 7.6 | 4554.7 | 6.7 |
| | 1988 | I | 4666.3 | 8.0 | 4619.5 | 7.9 | 4661.9 | 7.1 | 4626.8 | 6.5 |
| | | II | 4746.4 | 7.0 | 4704.6 | 7.6 | 4743.6 | 7.2 | 4710.2 | 7.4 |
| | | III | 4820.1 | 6.4 | 4791.3 | 7.6 | 4828.4 | 7.3 | 4793.8 | 7.3 |
| | | IV | 4898.3 | 6.6 | 4879.5 | 7.6 | 4905.3 | 6.5 | 4868.2 | 6.4 |
| | 1989 | I | 4988.4 | 7.8 | | | 4964.8 | 4.9 | | |
| | | II | 5071.9 | 6.9 | | | 5027.3 | 5.1 | | |
| | 1987 | Annual | 4456.1 | 5.9 | 4431.8 | 5.4 | 4459.3 | 6.0 | 4444.9 | 5.7 |
| | 1988 | Annual | 4782.8 | 7.3 | 4748.7 | 7.2 | 4784.8 | 7.3 | 4749.8 | 6.9 |
| **Gross National Product Billions of Constant (1982) Dollars** | | | | | | | | | | |
| **Actual** | **1987** | **IV** | **$3735.2** | **4.3%** | **$3735.2** | **4.3%** | **$3735.2** | **4.3%** | **$3735.2** | **4.3%** |
| | | II | 3764.2 | 3.1 | 3741.7 | 0.7 | 3758.0 | 2.5 | 3752.3 | 1.8 |
| | | III | 3808.0 | 4.7 | 3761.4 | 2.1 | 3794.0 | 3.9 | 3775.5 | 2.5 |
| | | IV | 3843.7 | 3.8 | 3779.2 | 1.9 | 3825.0 | 3.3 | 3792.4 | 1.8 |
| | 1988 | I | 3880.4 | 3.9 | 3801.7 | 2.4 | 3856.0 | 3.3 | 3811.2 | 2.0 |
| | | II | 3906.9 | 2.8 | 3825.3 | 2.5 | 3885.0 | 3.0 | 3835.7 | 2.6 |
| | | III | 3924.4 | 1.8 | 3848.2 | 2.4 | 3916.0 | 3.2 | 3856.6 | 2.2 |
| | | IV | 3948.6 | 2.5 | 3871.8 | 2.5 | 3940.0 | 2.5 | 3872.9 | 1.7 |
| | 1989 | I | 3974.7 | 2.7 | | | 3956.0 | 1.6 | | |
| | | II | 3996.0 | 2.2 | | | 3971.0 | 1.5 | | |
| | 1987 | Annual | 3787.8 | 3.1 | 3754.4 | 2.2 | 3778.1 | 2.8 | 3763.9 | 2.4 |
| | 1988 | Annual | 3915.1 | 3.4 | 3836.8 | 2.2 | 3899.1 | 3.2 | 3844.1 | 2.1 |
| **Gross National Product deflator Index, 1982 = 100** | | | | | | | | | | |
| **Actual** | **1987** | **I** | **116.2** | **3.4%** | **116.2** | **3.4%** | **116.2** | **3.4%** | **116.2** | **3.4%** |
| | | II | 117.1 | 3.3 | 117.4 | 4.2 | 117.5 | 4.7 | 117.4 | 4.2 |
| | | III | 118.2 | 3.6 | 118.7 | 4.4 | 118.6 | 3.8 | 118.7 | 4.6 |
| | | IV | 119.1 | 3.1 | 119.9 | 4.4 | 119.8 | 4.1 | 120.1 | 4.8 |
| | 1988 | I | 120.3 | 4.0 | 121.5 | 5.4 | 120.9 | 3.7 | 121.4 | 4.4 |
| | | II | 121.5 | 4.2 | 123.0 | 4.9 | 122.1 | 4.0 | 122.8 | 4.7 |
| | | III | 122.8 | 4.5 | 124.5 | 5.0 | 123.3 | 4.0 | 124.3 | 5.0 |
| | | IV | 124.1 | 4.1 | 126.0 | 5.0 | 124.5 | 4.0 | 125.7 | 4.8 |
| | 1989 | I | 125.5 | 4.8 | | | 125.5 | 3.3 | | |
| | | II | 126.9 | 4.6 | | | 126.6 | 3.6 | | |
| | 1987 | Annual | 117.6 | 2.8 | 118.0 | 3.1 | 118.0 | 3.1 | 118.1 | 3.2 |
| | 1988 | Annual | 122.2 | 3.8 | 123.8 | 4.8 | 122.7 | 4.0 | 123.5 | 4.6 |
| **Unemployment Rate** | | | | | | | | | | |
| **Actual** | **1987** | **I** | | **6.7%** | | **6.7%** | | **6.7%** | | **6.7%** |
| | | II | | 6.6 | | 6.7 | | 6.6 | | 6.6 |
| | | III | | 6.4 | | 6.7 | | 6.6 | | 6.7 |
| | | IV | | 6.3 | | 6.8 | | 6.6 | | 6.6 |
| | 1988 | I | | 6.1 | | 6.8 | | 6.6 | | 6.7 |
| | | II | | 6.0 | | 6.8 | | 6.6 | | 6.7 |
| | | III | | 5.9 | | 6.8 | | 6.6 | | 6.7 |
| | | IV | | 5.9 | | 6.7 | | 6.7 | | 6.8 |
| | 1989 | I | | 5.9 | | | | 6.9 | | |
| | | II | | 5.9 | | | | 6.9 | | |
| | 1987 | Annual | | 6.5 | | 6.7 | | 6.6 | | 6.7 |
| | 1988 | Annual | | 6.0 | | 6.8 | | 6.6 | | 6.7 |

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary first quarter data.

# THE ECONOMIC FORECASTS (continued)

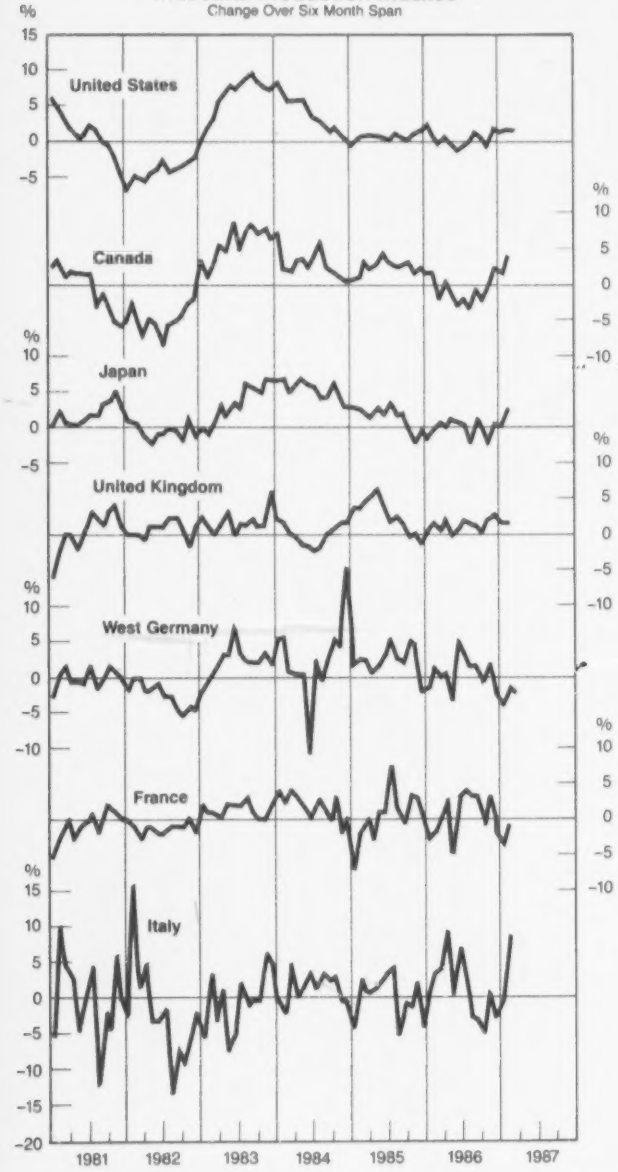
| The Conference Board[1] | | | | Data Resources Inc.[1] | | Wharton E.F.A. Inc.[1] | | Date of Forecast | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Apr., 1987 | | | | Apr., 1987 | | Apr., 1987 | | | | |
| Level | Percent Change | Level | Percent Change | Level | Percent Change | Level | Percent Change | | | |
| | | | | | | | | **Gross National Product Billions of Current Dollars** | | |
| **$4339.2** | **7.8%** | | | **$4339.2** | **7.8%** | **$4339.2** | **7.8%** | I | **1987** | **Actual** |
| 4408.0 | 6.5 | | | 4399.7 | 5.7 | 4396.9 | 5.4 | II | | |
| 4483.0 | 7.0 | | | 4481.5 | 7.6 | 4469.9 | 6.8 | III | | |
| 4558.0 | 6.9 | | | 4545.6 | 5.8 | 4548.0 | 7.2 | IV | | |
| 4616.0 | 5.2 | | | 4629.3 | 7.6 | 4633.9 | 7.8 | I | 1988 | |
| 4684.0 | 6.0 | | | 4697.2 | 6.0 | 4727.5 | 8.3 | II | | |
| 4763.0 | 6.9 | | | 4759.6 | 5.4 | 4816.7 | 7.8 | III | | |
| 4842.0 | 6.8 | | | 4826.8 | 7.1 | 4899.8 | 7.1 | IV | | |
| | | | | 4905.0 | 6.6 | 4982.4 | 6.9 | I | 1989 | |
| | | | | 4976.1 | 6.6 | 5068.6 | 6.9 | II | | |
| 4447.1 | 5.7 | | | 4441.5 | 7.1 | 4438.5 | 5.5 | Annual | 1987 | |
| 4726.3 | 6.3 | | | 4728.2 | 5.6 | 4769.5 | 7.5 | Annual | 1988 | |
| | | | | | | | | **Gross National Product Billions of Constant (1982) Dollars** | | |
| **$3735.2** | **4.3%** | | | **$3735.2** | **4.3%** | **$3735.2** | **4.3%** | I | **1987** | **Actual** |
| 3761.1 | 2.8 | | | 3756.0 | 2.2 | 3744.0 | 0.9 | II | | |
| 3786.3 | 2.7 | | | 3792.8 | 4.0 | 3767.2 | 2.5 | III | | |
| 3804.7 | 2.0 | | | 3818.8 | 2.8 | 3793.8 | 2.9 | IV | | |
| 3814.9 | 1.1 | | | 3854.1 | 3.7 | 3826.5 | 3.5 | I | 1988 | |
| 3829.9 | 1.6 | | | 3873.1 | 2.0 | 3861.9 | 3.6 | II | | |
| 3850.4 | 2.2 | | | 3885.6 | 1.3 | 3890.6 | 3.0 | III | | |
| 3867.4 | 1.8 | | | 3906.6 | 2.2 | 3913.7 | 2.4 | IV | | |
| | | | | 3930.4 | 2.5 | 3937.0 | 2.4 | I | 1989 | |
| | | | | 3950.2 | 2.0 | 3955.8 | 1.9 | II | | |
| 3771.8 | 2.6 | | | 3775.7 | 2.7 | 3760.1 | 2.3 | Annual | 1987 | |
| 3840.7 | 1.8 | | | 3879.9 | 2.8 | 3873.2 | 3.0 | Annual | 1988 | |
| | | | | | | | | **Gross National Product deflator Index, 1982 = 100** | | |
| **116.2** | **3.4%** | | | **116.2** | **3.4%** | **116.2** | **3.4%** | I | **1987** | **Actual** |
| 117.2 | 3.6 | | | 117.1 | 3.4 | 117.4 | 4.4 | II | | |
| 118.4 | 4.2 | | | 118.2 | 3.5 | 118.7 | 4.2 | III | | |
| 119.8 | 4.8 | | | 119.0 | 3.0 | 119.9 | 4.2 | IV | | |
| 121.0 | 4.1 | | | 120.1 | 3.7 | 121.1 | 4.1 | I | 1988 | |
| 122.3 | 4.4 | | | 121.3 | 3.9 | 122.4 | 4.4 | II | | |
| 123.7 | 4.7 | | | 122.5 | 4.1 | 123.8 | 4.6 | III | | |
| 125.2 | 4.9 | | | 123.6 | 3.5 | 125.2 | 4.6 | IV | | |
| | | | | 124.8 | 4.1 | 126.6 | 4.4 | I | 1989 | |
| | | | | 126.0 | 3.8 | 128.1 | 5.1 | II | | |
| 117.9 | 3.0 | | | 117.6 | 2.8 | 118.0 | 3.1 | Annual | 1987 | |
| 123.1 | 4.4 | | | 121.9 | 3.6 | 123.1 | 4.3 | Annual | 1988 | |
| | | | | | | | | **Unemployment Rate** | | |
| | **6.7%** | | | | **6.7%** | | **6.7%** | I | **1987** | **Actual** |
| | 6.3 | | | | 6.6 | | 6.7 | II | | |
| | 6.2 | | | | 6.5 | | 6.7 | III | | |
| | 6.4 | | | | 6.4 | | 6.7 | IV | | |
| | 6.7 | | | | 6.3 | | 6.6 | I | 1988 | |
| | 6.9 | | | | 6.3 | | 6.5 | II | | |
| | 6.9 | | | | 6.3 | | 6.5 | III | | |
| | 6.9 | | | | 6.3 | | 6.5 | IV | | |
| | | | | | 6.3 | | 6.6 | I | 1989 | |
| | | | | | 6.3 | | 6.6 | II | | |
| | 6.4 | | | | 6.6 | | 6.7 | Annual | 1987 | |
| | 6.9 | | | | 6.3 | | 6.5 | Annual | 1988 | |

**ATTENTION PC USERS:** All data in this publication plus extensive government statistics are available on cost-effective diskettes in LOTUS and other formats. For more information, contact Linette Waters at (212) 759-0900.

# Selected International Comparisons

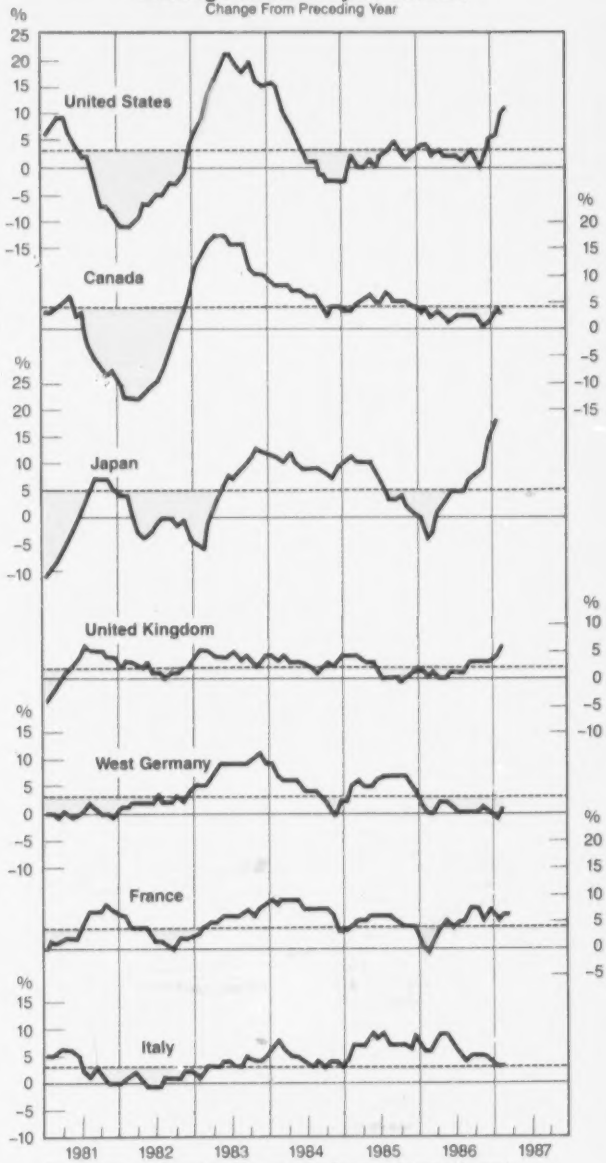
## Industrial Production Indexes

Change Over Six Month Span




## Leading Business Cycle Indexes

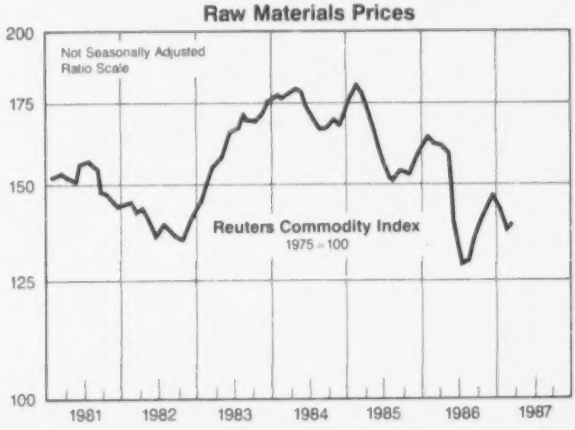
Change From Preceding Year




Source: Center for International Business Cycle Research, Columbia University

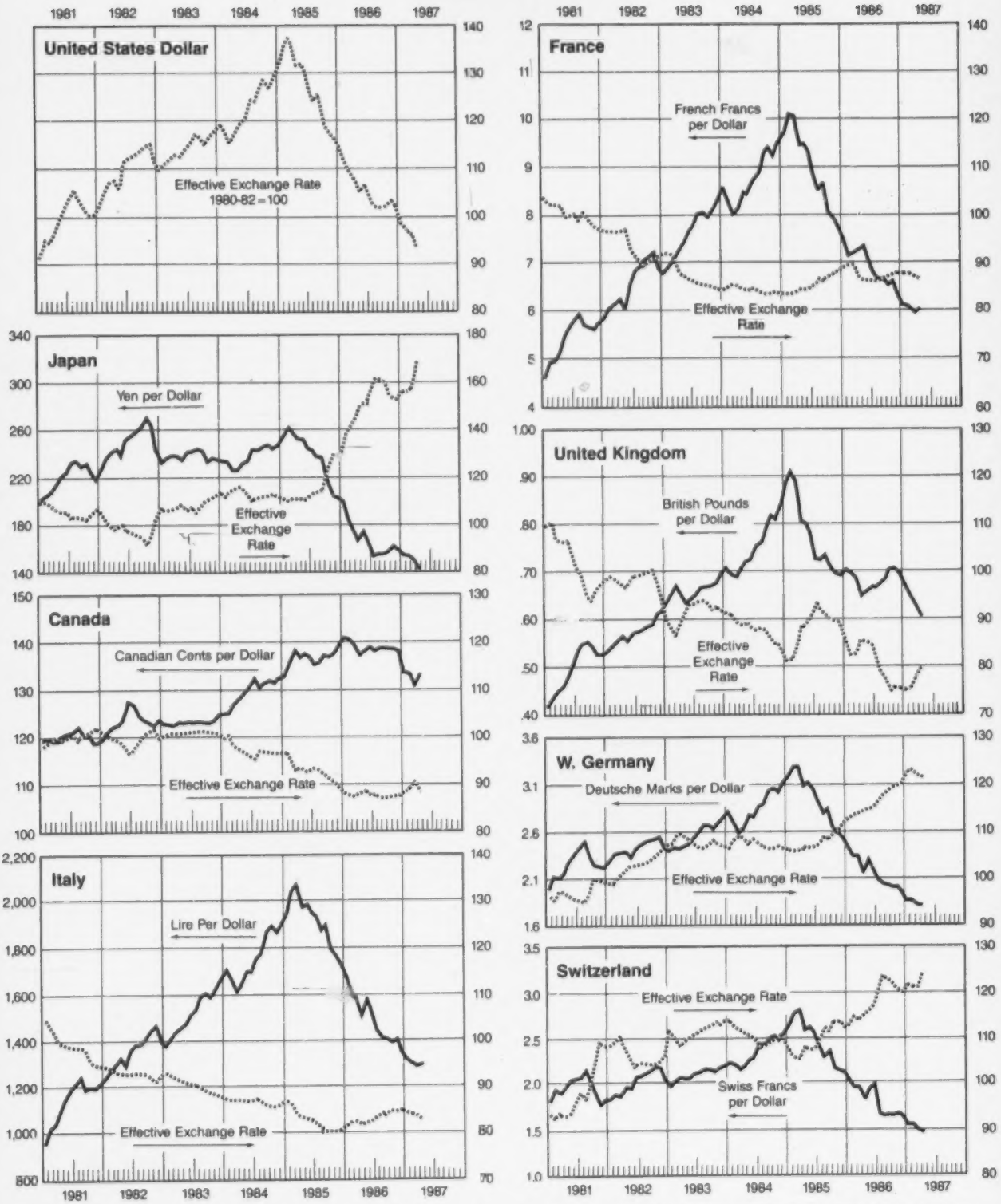
## Merchandise Trade: Value of Exports

## Raw Materials Prices



# Foreign Exchange Rates

Indexes: 1980-82=100




Note.: Nominal Effective Exchange Rates: index numbers 1980-82=100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

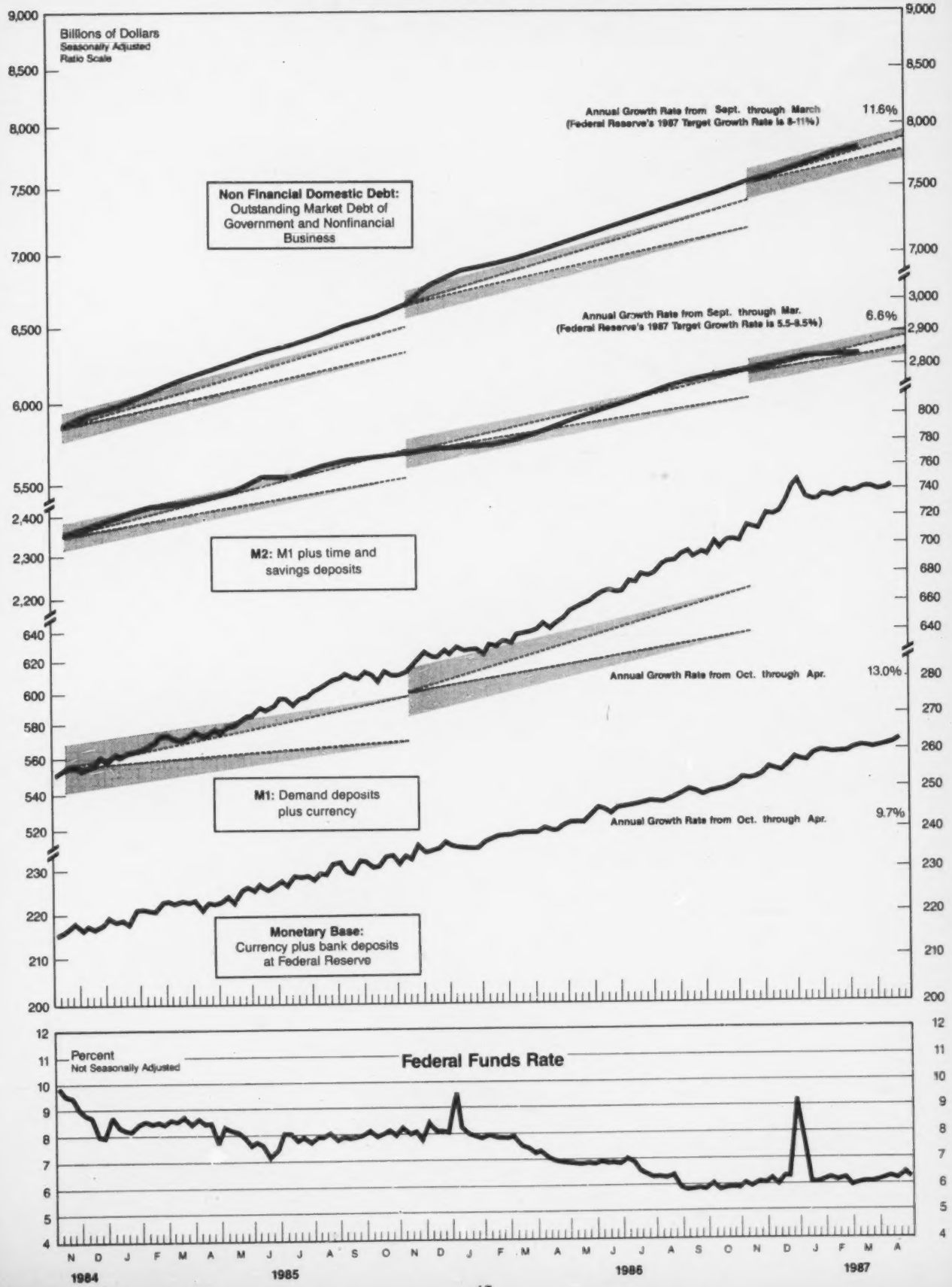
## PERSPECTIVE ON THE FEDERAL BUDGET
## (Billions of Current Dollars)

| | Fiscal 1986 | Fiscal 1987 | | Fiscal 1988 |
|---|---|---|---|---|
| | Actual | Administration's Latest Estimate | Congress's Latest Estimte | Congress's Latest Estimate |
| | | (1/5/87) | (2/19/87) | (2/19/87) |
| **Receipts** | **$769.1** | **$842.4** | **$834 2** | **$ 905.4** |
| **Outlays** | **989.8** | **1,015.6** | **1,010.4** | **1,039.8** |
| **Deficit** | **–220.7** | **–173.2** | **176.2** | **–134.4** |
| **Receipts by source** | **$769.1** | **$842.4** | **$834.2** | **$ 905.4** |
| Individual income | 349.0 | 364.0 | 361.3 | 381.4 |
| Social security | 283.9 | 301.5 | 300.8 | 331.8 |
| Corporate income | 63.1 | 104.8 | 100.6 | 119.3 |
| Other receipts | 73.1 | 72.1 | 71.5 | 73.0 |
| **Outlays by function** | **$989.8** | **$1,015.6** | **$1,010.2** | **$1,039.8** |
| National defense | 273.4 | 282.2 | | 298.3 |
| Social security | 269.0 | 279.5 | | 298.8 |
| Income security | 119.8 | 124.9 | | 127.2 |
| Health | 35.9 | 39.7 | | 40.8 |
| Education & manpower | 29.7 | 29.8 | | 28.5 |
| Veterans benefits | 26.4 | 26.7 | | 26.7 |
| Transportation | 28.1 | 27.0 | | 27.0 |
| Agriculture | 31.4 | 31.1 | | 24.9 |
| International affairs | 14.2 | 14.6 | | 16.6 |
| Natural resources | 13.6 | 13.9 | | 14.1 |
| General science | 9.0 | 9.5 | | 11.2 |
| Justice | 6.6 | 8.3 | | 9.2 |
| General government | 6.1 | 6.8 | | 7.7 |
| Community development | 7.5 | 6.2 | | 5.2 |
| Commerce, Housing credit | 4.4 | 9.3 | | 4.3 |
| Energy | 4.7 | 3.8 | | 3.3 |
| Revenue sharing | 6.4 | 1.9 | | 1.5 |
| Interest | 136.0 | 137.5 | | 139.0 |
| Allowances | 0.0 | 0.0 | | – 1.2 |
| Offsetting receipts | – 33.0 | – 37.1 | | – 43.5 |

## ECONOMIC ASSUMPTIONS OF THE BUDGET

| | | | |
|---|---|---|---|
| **GNP** | | | |
| **Current Dollar** | **$4,218.0** | **$4,493.0** | **$4,816.0** |
| **Constant (1982) Dollar** | **3,681.0** | **3,794.0** | **3,928.0** |
| **Percent change in** | | | |
| Current dollar | 5.5% | 6.5% | 7.2% |
| Constant (1982) dollar | 2.7 | 3.1 | 3.5 |
| Implicit price index | 2.8 | 3.3 | 3.5 |
| Consumer price index | 1.6 | 3.0 | 3.6 |
| 91-Day T bill rate | 6.0 | 5.4 | 5.6 |
| Unemployment rate | 6.9 | 6.7 | 6.3 |

# Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Sept. through March 11.6%
(Federal Reserve's 1987 Target Growth Rate is 6-11%)
Non Financial Domestic Debt:
Outstanding Market Debt of
Government and Nonfinancial
Business
Annual Growth Rate from Sept. through Mar. 6.6%
(Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%)
M2: M1 plus time and
savings deposits
Annual Growth Rate from Oct. through Apr. 13.0%
M1: Demand deposits
plus currency
Annual Growth Rate from Oct. through Apr. 9.7%
Monetary Base:
Currency plus bank deposits
at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A
1984
1985
1986
1987

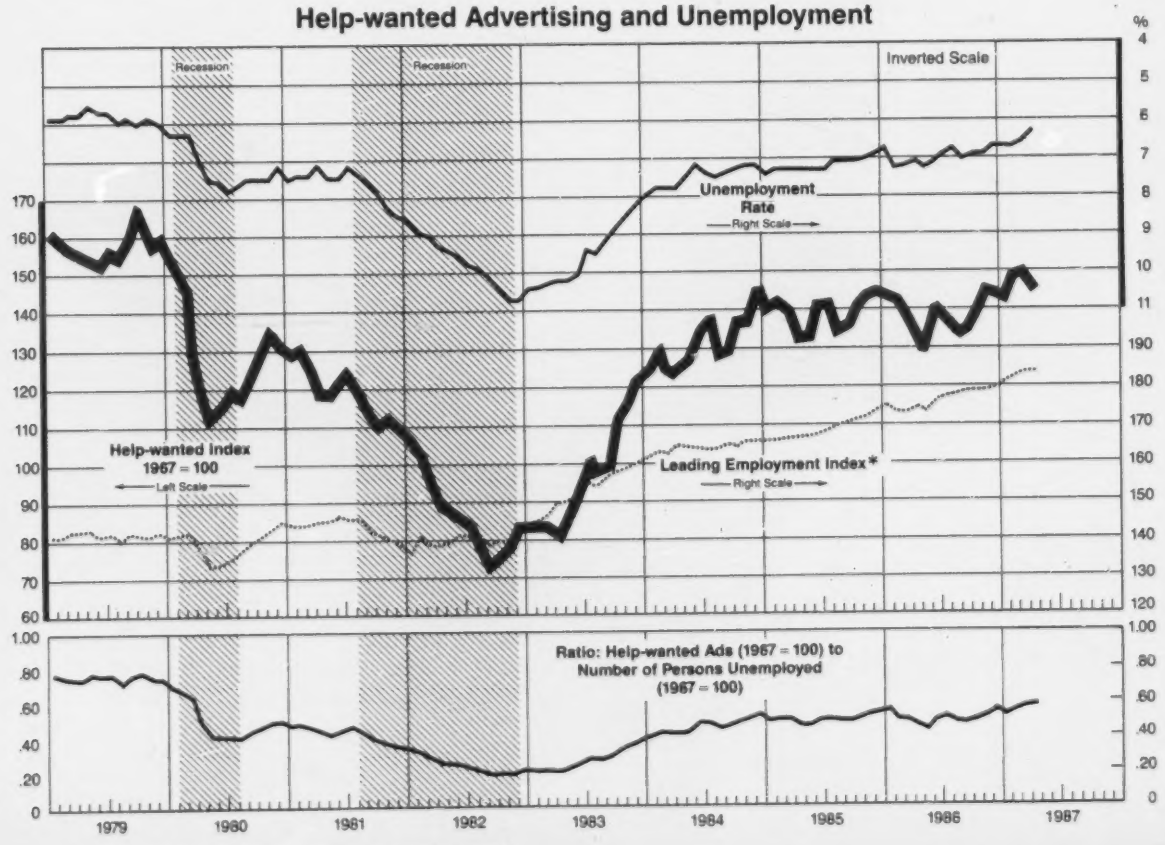
## CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

| Locality | 1987 Mar. | 1987 Feb. | 1987 Jan. | 1986 Mar. |
|---|---|---|---|---|
| **National Index** | 150 | 147r | 142 | 138 |
| **New England** | 186 | 177 | 165 | 158 |
| Boston | 189 | 180 | 168 | 169 |
| Hartford | 193 | 189 | 170 | 160 |
| Providence | 169 | 158 | 150 | 120 |
| **Middle Atlantic** | 88 | 84 | 78 | 71 |
| Albany | 210 | 199 | 189 | 136 |
| Allentown | 316 | 312 | 279 | 198 |
| New York | 66 | 61 | 56 | 56 |
| Philadelphia | 80 | 73 | 69 | 62 |
| Pittsburgh | 98 | 98 | 92 | 88 |
| Rochester | 89 | 100 | 91 | 84 |
| Syracuse | 139 | 131r | 136 | 119 |
| **East North Central** | 101 | 101 | 92 | 91 |
| Chicago | 113 | 113 | 98 | 94 |
| Cincinnati | 155 | 156 | 148 | 141 |
| Cleveland | 67 | 64 | 59 | 63 |
| Columbus | 178 | 180 | 174 | 155 |
| Dayton | 86 | 83 | 75 | 85 |
| Detroit | 60 | 60 | 55 | 71 |
| Gary | 143 | 153 | 163 | 117 |
| Indianapolis | 112 | 112 | 101 | 90 |
| Milwaukee | 66 | 69 | 66 | 57 |
| Toledo | 129 | 132 | 126 | 116 |
| **West North Central** | 96 | 94 | 96 | 93 |
| Kansas City | 138 | 133 | 152 | 156 |
| Minneapolis | 86 | 84 | 81 | 70 |
| Omaha | 141 | 128 | 131 | 117 |
| St. Louis | 68 | 70 | 67 | 70 |
| **South Atlantic** | 214 | 199 | 201 | 189 |
| Atlanta | 266 | 268 | 267 | 276 |
| Baltimore | 248 | 198 | 270 | 210 |
| Charlotte | 202 | 185 | 188 | 159 |
| Jacksonville | 237 | 218 | 214 | 219 |
| Miami | 114 | 102 | 96 | 95 |
| Richmond | 158 | 173 | 137 | 130 |
| Washington, D.C. | 216 | 207 | 179 | 182 |
| **East South Central** | 172 | 168 | 173 | 154 |
| Birmingham | 165 | 174 | 176 | 158 |
| Knoxville | 282 | 262 | 249 | 207 |
| Louisville | 89 | 86 | 93 | 102 |
| Memphis | 145 | 141 | 143 | 128 |
| Nashville | 242 | 238 | 256 | 211 |
| **West South Central** | 160 | 160 | 159 | 184 |
| Dallas | 142 | 151 | 154 | 209 |
| Houston | 230 | 222 | 216 | 230 |
| New Orleans | 106 | 118 | 112 | 104 |
| Oklahoma City | 104 | 99 | 101 | 115 |
| San Antonio | 153 | 143 | 148 | 186 |
| Tulsa | 117 | 114 | 123 | 137 |
| **Mountain** | 300 | 305 | 288 | 291 |
| Denver | 189 | 195 | 194 | 181 |
| Phoenix | 439 | 437 | 411 | 439 |
| Salt Lake City | 320 | 333 | 296 | 297 |
| **Pacific** | 225 | 225 | 225 | 211 |
| Los Angeles | 150 | 151r | 159 | 155 |
| Sacramento | 439 | 447 | 465 | 385 |
| San Bernadino | 283 | 304 | 291 | 240 |
| San Diego | 534 | 542 | 523 | 467 |
| San Francisco | 231 | 221 | 210 | 210 |
| Seattle | 219 | 216 | 211 | 201 |
| Percentage of papers with rising volume | 61 | 69 | 47 | 33 |
| Unemployment rate | 6.6 | 6.7 | 6.7 | 7.2 |

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

### Help-wanted Advertising and Unemployment




*Source: Center for International Business Cycle Research, Columbia University

## CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

### Consumer Confidence Index

| | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | 105.0 | 102.0 | 102.9 | 103.8 | 102.0 | 103.7 | 98.5 | 101.6 | 102.4 | 101.7 | 106.1 | 98.7 |
| 1985 | 103.0 | 104.0 | 98.0 | 101.0 | 96.6 | 100.0 | 101.2 | 99.6 | 98.9 | 99.3 | 98.7 | 99.8 |
| 1986 | 97.6 | 97.3 | 97.6 | 95.4 | 97.9 | 97.1 | 95.7 | 91.1 | 92.2 | 89.8 | 89.8 | 93.6 |
| 1987 | 86.0 | 93.2 | 98.4r | 91.9p | | | | | | | | |

### Buying Plans Index

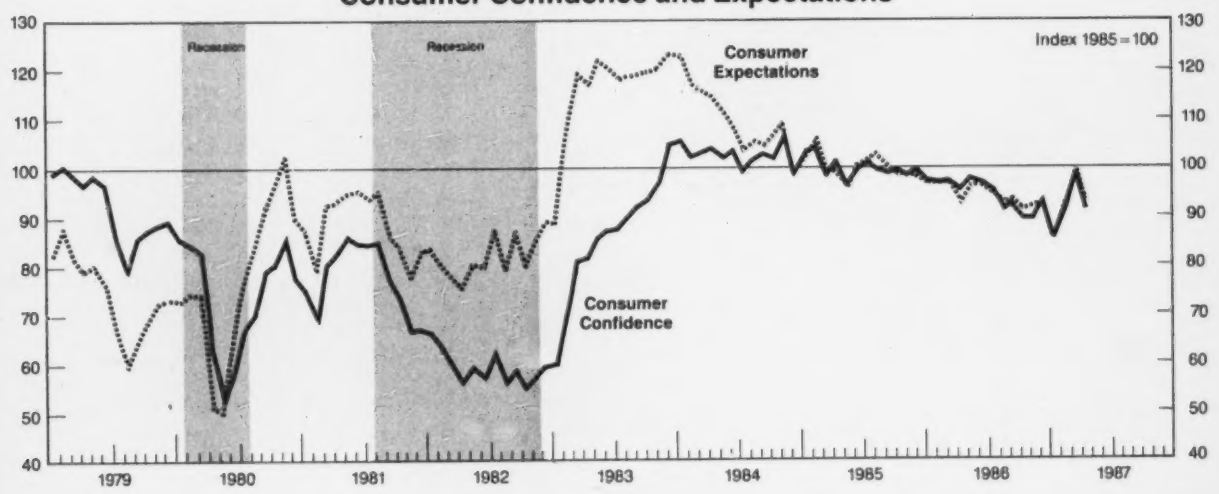
| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1984 | 99.2 | 98.0 | 90.7 | 98.6 | 102.5 | 104.9 | 89.5 | 95.5 | 93.5 | 92.7 | 96.0 | 91.9 |
| 1985 | 100.7 | 98.7 | 98.4 | 97.4 | 89.5 | 96.3 | 93.1 | 98.4 | 107.3 | 110.3 | 101.2 | 108.8 |
| 1986 | 104.5 | 104.4 | 103.1 | 124.7 | 109.0 | 111.3 | 107.2 | 108.2 | 105.3 | 98.8 | 93.0 | 103.6 |
| 1987 | 98.9 | 93.1 | 98.7r | 89.7p | | | | | | | | |

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

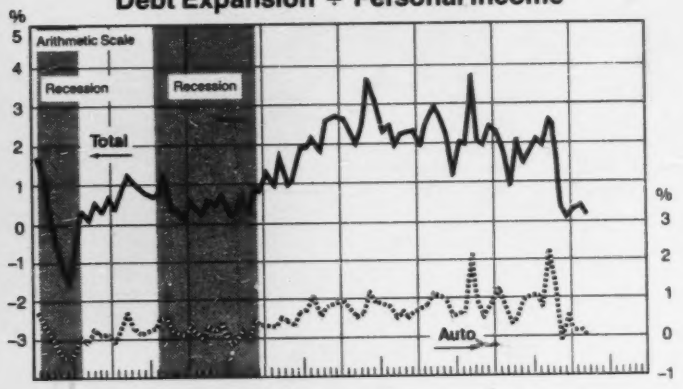
### Consumer Confidence and Expectations



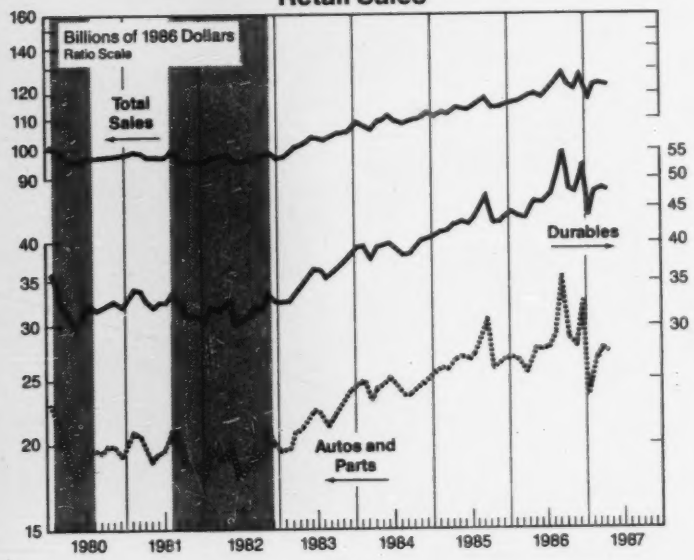

**CBDB**

**ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes, in LOTUS and other formats. Contact Linette Waters: 800-US-BOARD; in NYC, (212) 759-0900.**

## Consumer Installment Debt Expansion ÷ Personal Income




## Retail Sales



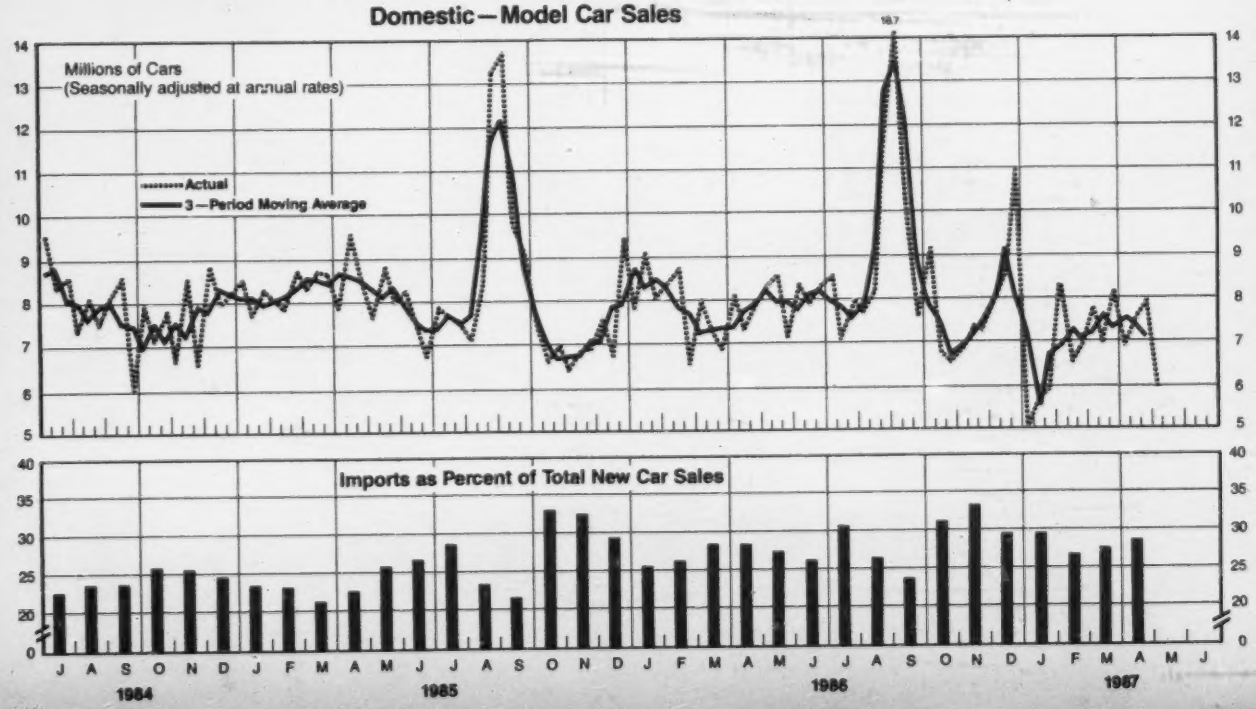

## CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

| Periods | | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| January: | 1-10 | 8.16 | 8.46 | 7.76 | 4.78 |
| | 11-20 | 7.84 | 7.66 | 9.05 | 5.71 |
| | 21-31 | 9.15 | 8.23 | 8.02 | 5.95 |
| February: | 1-10 | 7.79 | 8.01 | 8.36 | 8.26 |
| | 11-20 | 9.17 | 7.84 | 8.71 | 6.46 |
| | 21-28(29) | 7.60 | 8.69 | 6.47 | 6.87 |
| March: | 1-10 | 7.35 | 8.27 | 7.93 | 7.76 |
| | 11-20 | 8.13 | 8.73 | 7.23 | 6.95 |
| | 21-31 | 7.35 | 8.67 | 6.81 | 8.13 |
| April: | 1-10 | 8.88 | 7.84 | 8.06 | 6.85 |
| | 11-20 | 7.96 | 9.48 | 7.25 | 7.52 |
| | 21-30 | 8.60 | 8.42 | 7.92 | 7.89 |
| May: | 1-10 | 8.19 | 7.60 | 8.30 | 5.93 |
| | 11-20 | 7.74 | 8.78 | 8.57 | |
| | 21-31 | 8.43 | 7.96 | 7.09 | |
| June: | 1-10 | 7.22 | 8.21 | 8.27 | |
| | 11-20 | 8.25 | 7.51 | 7.84 | |
| | 21-30 | 8.10 | 6.71 | 8.30 | |
| July: | 1-10 | 9.51 | 7.81 | 8.50 | |
| | 11-20 | 8.32 | 7.63 | 7.03 | |
| | 21-31 | 8.59 | 7.57 | 7.96 | |
| August: | 1-10 | 7.33 | 7.09 | 7.64 | |
| | 11-20 | 8.07 | 8.30 | 8.19 | |
| | 21-31 | 7.43 | 13.23 | 11.65 | |
| September: | 1-10 | 8.13 | 13.64 | 18.67 | |
| | 11-20 | 8.52 | 9.70 | 9.87 | |
| | 21-30 | 6.03 | 9.10 | 7.58 | |
| October: | 1-10 | 7.83 | 7.40 | 9.07 | |
| | 11-20 | 7.07 | 6.57 | 6.72 | |
| | 21-31 | 7.70 | 6.92 | 6.51 | |
| November: | 1-10 | 6.60 | 6.40 | 6.80 | |
| | 11-20 | 8.44 | 6.81 | 7.32 | |
| | 21-30 | 6.57 | 6.91 | 7.23 | |
| December: | 1-10 | 8.75 | 7.56 | 7.95 | |
| | 11-20 | 7.96 | 6.69 | 8.54 | |
| | 21-31 | 8.19 | 9.31 | 10.93 | |

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

## Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1984
1985
1986
1987